

# INDUSTRY UPDATE

Biweekly Period Ending May 5, 2001

## Phoenix Metro Area

### **Manufacturing**

A **German producer of optical tools** (used for glasses) plans to enter the U.S. market in June by **opening a distribution operation and call center** in Phoenix. Frankfurt-based **Breitfel & Schliekert**, which has annual sales of \$15 million, will ship its 1,400-plus products from a warehouse owned by Horizon Logistics and Distribution. Experienced former opticians will staff the call center.

### **Finance, Insurance, and Real Estate**

After seeing its over-the-year first-quarter net income fall by nearly 70 percent, discount broker **Charles Schwab let go more than 630 employees** at its **Phoenix-area operations** in late April. Representing nearly 18 percent of its Valley workforce of 3,600, the layoffs were part of a 13 percent nationwide reduction by the San Francisco-based company. A generous severance package — including pay, educational support, and stock options — was given to laid-off workers.

Phoenix-based **Del Webb Corp.** has agreed to be **bought out** by Michigan builder **Pulte Homes** for \$1.8 billion in stock. Renowned for its Sun City communities throughout the country, Del Webb has been hampered in recent years by a large amount of debt. Pulte expects to save \$50 million a year where both companies have operations (such as Arizona).

### **Services**

**Health care companies** are apparently following Horace Greeley's advice to go west. Only, in this case, it's the **west Valley**, where **several projects are under development or in the planning phase**. **Construction** is set to begin in August on the first part of a **350-**

**acre medical campus** at **Camelback and Litchfield roads**, which would be the largest in the Valley. **Sun Health** expects to spend \$200 million to develop the medical complex, which will **include a hospital**, a 75,000-square-foot **medical office building**, and a \$25 million **continuous-care retirement community** that will offer skilled-nursing, assisted-living, and independent-living facilities. A few miles southeast, **Banner Health System Inc.**, which owns the Valley's Samaritan hospitals, has bought land at **Interstate 10 and Loop 101**, with **plans for a new hospital by 2004**. Also, Nashville-based **Vanguard Health Systems Inc.**, expects to eventually **build a hospital on** a 35-acre **Palm Valley Medical Campus** it acquired in the purchase of PMH Health Resources, Inc. (see April 21<sup>st</sup> *Industry Update*). And finally, **Catholic Healthcare West**, which owns St. Joseph's Hospital and Medical Center, owns a parcel at **Interstate 10 and Bullard Avenue** where it **plans to construct a hospital**.

### **Government**

A weakening economy is forcing local governments to watch their expenses, but for the most part, burgeoning populations and a strong construction market will translate into **more new jobs for east Valley cities**. The one **exception** is the **city of Mesa**, which is **putting off hiring new police officers and road maintenance workers**. **Scottsdale** plans to **hire almost 90 new employees**, particularly in the areas of **criminal justice and parks and recreation**; **Chandler** expects to see new hires **in all areas of government**; the city of **Gilbert**, with population growth of 10,000 a year the past decade, expects to **add more than 60 new positions**; and despite a tight budget, **Tempe** expects to **add nearly 60 positions**, but about half will

be contract jobs upgraded to full-time status.

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## **Tucson Metro Area**

### ***Services***

The recent expansion of Tucson's state enterprise zone — to include most of the city — will lead to an **expansion of jobs** by call-center operator **Anfi Inc.** The Bloomington, Ill.-based company will **open its second Tucson customer-service center** (333 E. Wetmore Road) by the **middle of May, hiring up to 300 workers** over the next several months. Anfi, which operates an 850-worker call center on Escalante Road in southeast Tucson, will receive a \$3,000 tax credit over three years for each new position it creates at the Wetmore operation.

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## **Balance of State**

### ***Manufacturing***

Higher electrical costs forced **North Star Steel** to **eliminate 45 jobs** (about one-fifth of its workforce) at its **Kingman operation** in early May, the company said. North Star has not made steel since December 7 because of the high cost of power. Instead, it makes steel concrete reinforcing bars — from steel billets it buys from other mills — that it sells to the construction industry.

### ***Services***

The **Lake Havasu City Council** **rejected** a one-year **extension of time** to start work on a **\$35 million development** at the **London Bridge Resort**, thus killing the project. The development, which included 193 time-share units, has been put on hold because of a tax dispute with Mohave County, which changed the method (increasing the cost) of how it values time-share units. A ruling from the Arizona Court of Appeals is expected to settle the dispute. The project was originally approved by the council in 1998.

### ***Trade***

What's it worth to have a Wal-Mart super-

center in a community? To the city of Prescott, \$6 million. In order to **lure a Wal-Mart** from the nearby Yavapai Prescott Indian Reservation (Frontier Village Shopping Center), the **Prescott City Council** agreed to give the world's largest department store \$6 million in sales taxes collected at the store over the next dozen years. The new **super-center** will be **located** at the corner of **Highway 69 and Prescott Lakes Parkway**. No information was available on the number of new jobs that will be created.

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## **Statewide**

### ***Mining***

To reduce costs and duplication of services, Phoenix-based **Phelps Dodge Corp.** will **lay off 500 white-collar employees** throughout its worldwide operations in May, the company said. The world's second largest producer of copper said operations where jobs will be lost are human resources, accounting, legal, and engineering. These cuts — representing about 3 percent of the company's workforce of 15,500 — are **unrelated** to **announcements** made earlier this year that **some of the 2,350 employees** at mines in Arizona (Green Valley, Bagdad, Sierrita) and New Mexico may be laid off or idled for short periods of time.

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# **INDUSTRY UPDATE**

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